

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 130 - SB 148

February 2, 2023

SUMMARY OF BILL: Removes the authority of the State Board of Equalization (SBE) to create an Assessment Appeals Commission (Commission) and eliminates the Commission's review of appeals regarding the assessment, classification, and value of property for taxation.

FISCAL IMPACT:

Decrease State Expenditures –

\$4,500/FY23-24/Comptroller of the Treasury

\$9,100/FY24-25 and Subsequent Years/Comptroller of the Treasury

Assumptions:

- The proposed legislation streamlines the appeals process within the SBE by removing the authority to create a Commission and instead permitting the SBE to review all appeal matters before such matters proceed to judicial review.
- Pursuant to Tenn. Code Ann. § 67-5-1502(h), Commission members receive no compensation, except those who are not state officials are paid \$95 per day or part of a day of meeting and all Commission members are reimbursed travel and per diem expenses.
- Based on information provided by the Comptroller of the Treasury (COT), Commission members received the following payments:
 - \$4,005 in FY19-20;
 - \$3,133 in FY20-21; and
 - \$2,573 in FY21-22.
- The estimated decrease to state expenditures due to Commission member payments is \$3,237 $[(\$4,005 + \$3,133 + \$2,573) / 3]$.
- Commission members received the following travel reimbursements:
 - \$6,275 in FY19-20;
 - \$140 in FY20-21; and
 - \$5,401 in FY21-22.
- It is assumed that the lower reimbursement total for FY20-21 is due to the COVID-19 pandemic, and therefore, is not representative of a typical year's reimbursement total. This figure will not be used to compute the average reimbursement.
- The estimated decrease to state expenditures relative to Commission member travel expenses is \$5,838 $[(\$6,275 + \$5,401) / 2]$.

- Existing appeals and appeals filed before July 1, 2023 will still be heard by the Commission.
- It is assumed that all appeals filed before July 1, 2023 will be resolved by January 1, 2024; therefore, the decrease in local expenditures for FY23-24 will be half the impact of a full fiscal year.
- The total decrease to state expenditures in FY23-24 is \$4,538 $[(\$3,237 + \$5,838) \times 50\%]$.
- Beginning in FY24-25, the total recurring decrease to state expenditures is \$9,075 $(\$3,237 + \$5,838)$.
- The SBE's staff is responsible for organizing and administering appeals before the Commission and the SBE covers certain incidental expenses, such as office supplies and digital storage costs.
- According to the COT, the number of appeals filed with the SBE is not expected to significantly increase or decrease as a result of the proposed legislation.
- Since the SBE and its staff currently administer appeals before the Commission and the number of appeals filed with the SBE is not expected to vary significantly, it can be reasonably assumed any change to existing procedures caused by the elimination of the Commission will be accommodated by the SBE utilizing existing resources and staff.
- It is assumed that any expenditure by the SBE for incidental expenses of the Commission will be spent for similar purposes by the SBE upon removal of the Commission. Any net impact to state government is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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